

# PACKET # 1

Required by:

US Domestic Individual (Sole Proprietor or DBA)

Contains:

Vendor Welcome Letter  
LBNL's Substitute Form W-9 for Individuals  
Form 587 – CA Nonresident  
Form 590 – CA Resident  
Direct Deposit (ACH) Enrollment Form

**NOTE: Vendor will complete either Form 587 or 590,  
but not both.**



Controller's Office  
1 Cyclotron Road – MS: 971-AP  
Berkeley, CA 94720-0001  
(510) 486-6954

Dear Vendor:

Welcome. On behalf of Lawrence Berkeley National Laboratory (LBNL) we look forward to serving you. Enclosed you will find the required vendor registration packet we need back from you. Please review all sections of this letter carefully.

### **Required Information**

In order to establish you as a LBNL Vendor, please complete and return the packet provided to the Procurement contact. Failure to return the forms indicated to the Procurement contact could result in Federal (28%) and State (7%) backup withholding.

### **California Nonresident Withholding**

If services are performed inside the State of California nonresident withholding of 7% could apply. Please complete either Form 590 or 587, but not both. If services are performed inside and outside the State of California, please identify as separate line items on your invoice. Otherwise withholding could apply to the entire invoice amount. Additional information is available at [http://www.ftb.ca.gov/forms/2011/11\\_592.pdf](http://www.ftb.ca.gov/forms/2011/11_592.pdf)

### **LBNL Resale Certificate**

A copy of our Resale Certificate is available on line at <http://www.lbl.gov/Workplace/CFO/co/ap/>. Vendors and Subcontractors are responsible for knowing and understanding sales and use tax regulations of the State of California. Additional information is available at <http://www.boe.ca.gov/sutax/sutprograms.htm>

### **How to Submit Invoices**

All invoices **should be emailed** to [apinvoice@lbl.gov](mailto:apinvoice@lbl.gov). Please make sure your company's name appears in the subject line of the email. We have implemented a new enterprise content management software. In order to maximize efficient processing and timely payment of invoices please ensure that you are submitting one invoice per email preferably in a PDF format. Your PDF file should contain your invoice on page one and any relating back up in subsequent pages all within the same file.

All invoices should be presented in the agreed upon format as outlined in the purchase order/subcontract and must include the PO # on the face of the invoice. Any invoice not meeting these requirements will not be accepted and returned.

**If you email us your invoice, please do not mail or fax us a hard copy.**

Vendors that are unable to email their invoices should mail them to the following billing address:

Lawrence Berkeley National Laboratory  
Accounts Payable Department  
1 Cyclotron Road – MS 971-AP  
Berkeley, CA 94720-0001

### **Required Purchase Order Information on Invoice**

**Note our purchase order/subcontract number on your invoice.** LBNL's purchase order numbers are seven (7) digits long, contain only numerical characters and are preceded by a six (6). Invoices without a purchase order number will be returned to you.



### **Recycled Invoice Numbers**

Our system does not allow LBNL to enter duplicate invoice numbers. Invoice numbers are audited by vendor, not by the date of an invoice or purchase order number. It is important when submitting an invoice that LBNL has not already been billed using the same number (regardless of the date and PO number).

### **Invoice Payment Terms**

Invoices are paid based on the terms and conditions of the subcontract from the date of receipt of the invoice in our office.

### **Finance Charges and Late Fees**

LBNL does not pay the above charges. Do not send finance charge invoices. They will be returned to you.

### **Electronic Payments**

**Effective February 1, 2010**, LBNL's Accounts Payable Department will make its domestic (U.S.) vendor payments electronically via the Automated Clearing House network (ACH). ACH is the fastest and most secure method for our vendors to receive timely payments. In addition, you will receive detailed payment information via email to assist with payment application whenever an ACH payment is made to you.

**US DOMESTIC VENDORS ONLY:** Please take a few moments to fill out the attached Direct Deposit (ACH) enrollment form and return it to [cfo-ap-vendorsetup@lbl.gov](mailto:cfo-ap-vendorsetup@lbl.gov) or fax it to 510-486-6975. If you have any questions or payment inquiries, please contact our vendor set up desk at [cfo-ap-vendorsetup@lbl.gov](mailto:cfo-ap-vendorsetup@lbl.gov) or 510-486-4784.



Office of the Chief Financial Officer  
Accounts Payable Vendor Desk  
1 Cyclotron Rd, MS: 971-AP  
Berkeley, CA 94720  
(510) 486-4784

**REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION**  
**LBNL Substitute W-9**

**FOR INDIVIDUAL / SOLE PROPRIETORS ONLY**  
**PLEASE TYPE OR PRINT CLEARLY**

**Instructions to Vendor:** Please fill out the form and return to the individual requesting it. An IRS W9 form is not accepted in lieu of the W9 Substitute form.

**Instructions to LBNL Department:** Please email to [cfo-ap-vendorsetup@lbl.gov](mailto:cfo-ap-vendorsetup@lbl.gov) or fax to (510) 486-6975.

**Questions?** Please email [cfo-ap-vendorsetup@lbl.gov](mailto:cfo-ap-vendorsetup@lbl.gov) or call (510) 486-4784

**VENDOR INFORMATION**

|   |  |  |  |
|---|--|--|--|
| <b>Social Security Number</b><br>(Owner SSN required for sole proprietorship and DBA's) |  | <b>Taxpayer ID Number</b><br>(Federal TIN used to file Federal tax return) |  |
| <b>Name of Individual/Sole Proprietor (Should match SS Card)</b>                        | <b>DBA name (if any) Payment will be issued to this name</b> |  |  |
|   |  |  |  |
| <b>Business phone number</b>  | <b>Business fax number</b>                                   | <b>Email address</b>   |  |
|   |  |  |  |
| <b>Physical / PO Street Address</b>   | <b>City</b>  | <b>State</b>   | <b>Zip Code + 4</b><br>(zip4.usps.com) |
|   |  |  |  |
| <b>Remittance Address (if different than above)</b>                                     | <b>City</b>  | <b>State</b>   | <b>Zip Code + 4</b><br>(zip4.usps.com) |
|   |  |  |  |

**VENDOR PROFILE AND TAX ACKNOWLEDGEMENT**

|   |  |  |  |
|---|--|--|--|
| <b>What does your business provide?</b>                             |  | <b>Business Status:</b>  |  |
| <b>Dun &amp; Bradstreet Number</b><br>(for reporting purposes only) |  | <b>NAICS Code(s)</b><br>(North American Industry Classification) |  |

**STATE OF CALIFORNIA INCOME TAX WITHHOLDING REQUIREMENT**

**Do you physically perform services in the State of California?**

**Either a CA587 or CA590 form (not both) must be completed and signed in order to do business with LBNL.**

The information below is requested under U.S. Tax Laws. Failure to provide this information may prevent you from being able to do business with LBNL, or may result in LBNL having to deduct Federal and State backup withholding.

U.S. Taxpayer Identification Number (TIN): The TIN provided must match the name of Individual provided above to avoid backup withholding. For individuals, this is your Social Security Number (SSN) or Individual Tax Identification Number (ITINs are provided to non-resident aliens for tax purposes).

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number.
2. I am not subject to backup withholding due to failure to report interest and dividend income, and
3. I am a U.S. person or a U.S. resident alien.

The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholdings.

|   |                         |                      |
|---|-------------------------|----------------------|
| <b>Signature of U.S. person and vendor representative</b><br>(must be authorized to sign an IRS form) | <b>Title</b>            | <b>Date</b>          |
|   |                         |                      |
| <b>Name of the above individual (please print)</b>  | <b>Telephone number</b> | <b>Email address</b> |
|   |                         |                      |



### DIRECT DEPOSIT ENROLLMENT FORM

|  |   |                        |                 |
|--|---|------------------------|-----------------|
| <b>Name of Financial Institution</b>   |   | <b>Name on account</b> |                 |
|  |   |                        |                 |
| <b>Bank address</b>  | <b>City</b>                                 | <b>State</b>           | <b>Zip code</b> |
|  |   |                        |                 |
| <b>Type of Account</b>   | <b>Bank Routing Number (RTN) (9 digits)</b> |                        |                 |
|  |   |                        |                 |
| <b>Account Number</b> (include leading zeros-DO NOT include check number): Financial institution routing and account numbers can be identified at the bottom of your checks.   |   |                        |                 |
| <p>Note: Be sure to have a check from the account into which the deposit will be made available to reference.</p> <p>1 Enter your <b>Bank Number</b>, which appears on the bottom left of the check as indicated by number 1 below.</p> <p>2 Enter your <b>Account Number</b>, which appears on the bottom middle of the check as indicated by number 2 below. The deposit account number length varies by financial institution.</p> <p>3 Do not enter the <b>Check Number</b>, as indicated by number 3 below.</p> <p>The bank/ routing number is denoted by nine (9) digits surrounded by ⑈.</p> <p>The deposit account number</p> <p>The check number (may appear before the deposit number)</p> |   |                        |                 |

### DIRECT DEPOSIT AGREEMENT

I authorize the Regents of the University of California, Lawrence Berkeley National Laboratory to deposit by electronic transfer payments owed to me by LBNL and, if necessary, debit entries and adjustments for any amounts deposited electronically in error (will receive written notification beforehand). LBNL shall deposit the payments in the financial institution and account designated above. I recognize that if I fail to provide complete and accurate information on this authorization form, the processing of the form may be delayed or my payments may be erroneously transferred electronically.

This authorization will remain in effect until canceled in writing. I must initiate and complete a new authorization form if I change my account, close my account, or change financial institutions.

|   |                     |   |
|---|---------------------|---|
| <b>Authorized Signature</b>   | <b>Printed Name</b> | <b>Date</b>                                   |
|   |                     |   |
| <b>Company contact information for notification and details of direct deposit payments:</b> |                     |   |
| <b>Contact Name</b>   | <b>Phone number</b> | <b>Email address for payment notification</b> |
|   |                     |   |

| LBNL Use Only        |  |
|----------------------|--|
| <b>Vendor No.:</b>   |  |
| <b>Location No.:</b> |  |

**2012 Nonresident Withholding Allocation Worksheet****587****Part I Withholding Agent**

Withholding agent's name

Address (number and street, PO Box, or PMB no.)

Apt. no./Ste. no.

City

State

ZIP Code

**Part II Nonresident Payee (Complete Part II through Part V and return this form to the above withholding agent)**

Payee's name

Owner's full name if sole proprietor

Address (number and street, PO Box, or PMB no.)

Apt. no./Ste. no.

City

State

ZIP Code

☐ SSN or ITIN ☐ CA Corp. no. ☐ FEIN

Secretary of State (SOS) file no.

Daytime telephone number

Nonresident payee's entity type: (Check one)

☐ Individual/sole proprietor☐ Corporation☐ Partnership☐ Limited liability company (LLC)☐ Estate or trust**Part III Payment Type**

Nonresident payee: (Check one)

☐ Performs services totally outside California (no withholding required, skip to Part V)☐ Provides only goods or materials (no withholding required, skip to Part V)☐ Provides goods and services in California (see allocation in Part IV)☐ Provides services within and outside California (see allocation in Part IV)☐ Other (Describe) \_\_\_\_\_

If the payee performs all the services within California, withholding is required on the entire payment for services unless the payee is granted a withholding waiver from the Franchise Tax Board (FTB). For more information, get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines.

**Part IV Income Allocation**

Gross payments expected from the above withholding agent during the calendar year for:

(a) Within California

(b) Outside California

(c) Total payments

**1 Goods and services:**

Goods/materials (no withholding required) .....

Services (withholding required) .....

**2 Rents or lease payments** .....**3 Royalty payments** .....**4 Prizes and other winnings** .....**5 Other payments** .....**6 Total payments subject to withholding.**

Add column (a), line 1 through line 5 .....

**Withholding threshold amount:** ..... **\$1,500.00**

Withholding is optional, at the discretion of the withholding agent, on the first \$1,500 in payments made during the calendar year. Withholding must begin as soon as the total payments of California source income for the calendar year exceed \$1,500. If the FTB grants the withholding waiver, attach a copy of the FTB determination letter. See General Information E, Waivers.

**Part V Certification of Payee**

Under penalties of perjury, I certify that the information provided on this document is true and correct. If the reported facts change, I will promptly inform the withholding agent.

Authorized representative's signature ..... Title ..... Daytime telephone number ( )

Payee's signature ..... Date ..... Daytime telephone number ( )

# Instructions for Form 587

## Nonresident Withholding Allocation Worksheet

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the Franchise Tax Board (FTB). The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions, release of loan funds made in the normal course of business are exempt from backup withholding.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or California Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Private Mail Box (PMB)** – Include the PMB in the address field. Write “PMB” first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country’s practice for entering the postal code. **Do not** abbreviate the country’s name.

### A Purpose

Use Form 587, Nonresident Withholding Allocation Worksheet, to determine the amount of withholding required on payments to nonresidents.

The payee completes, signs, and returns Form 587 to the withholding agent. The withholding agent relies on the certification made by the payee to determine the amount of withholding required, provided the completed and signed Form 587 is accepted in good faith. Retain the completed Form 587 for your records for a minimum of four years and provide it to the FTB upon request.

**Do not** use Form 587 if any of the following applies:

- You sold California real estate. Use Form 593-C, Real Estate Withholding Certificate.
- The payee is a resident of California or is a non-grantor trust that has at least one California resident trustee. Use Form 590, Withholding Exemption Certificate.
- The payee is a corporation, partnership, or limited liability company (LLC) that has a permanent place of business in California or is qualified to do business in California. Foreign corporations must be qualified to transact intrastate business. Use Form 590.
- The payment is to an estate and the decedent was a California resident. Use Form 590.

### B Requirement

California Revenue and Taxation Code (R&TC) Section 18662 and the related regulations require withholding of income or franchise tax on certain payments made to nonresidents of California for personal services performed in California and for rents on property located in California and royalties with activities in California. The withholding rate is seven percent (.07) unless the FTB grants a waiver. See General Information E, Waivers.

### C When to File This Form

The withholding agent requests that the payee completes, signs, and returns Form 587 when a contract is entered into or before payment is made to the payee. The withholding agent retains Form 587 for a minimum of four years and must provide it to the FTB upon request.

Form 587 remains valid for the duration of the contract (or term of payments), provided there is no material change in the facts. By signing Form 587, the payee agrees to promptly notify the withholding agent of any changes in the facts.

### D Withholding Requirements

Payments made to nonresident payees (including individuals, corporations, partnerships, LLCs, estates, and trusts) are subject to withholding. However, no withholding is required if total payments of California source income to the payee during the calendar year are \$1,500 or less.

If the California resident, qualified corporation, LLC, or partnership is acting as an agent for the nonresident payee, the payment is subject to withholding if the nonresident payee does not meet any of the exceptions on Form 590.

Payments subject to withholding include the following:

- Payments for services performed in California by nonresidents.
- Payments made in connection with a California performance.
- Rent paid to nonresidents if the rent is paid in the course of the withholding agent’s business.
- Royalties paid to nonresidents from business activities in California.
- Payments of prizes for contests entered in California.
- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Other payments of California source income made to nonresidents.
- Endorsement payments received for services performed in California.

Payments not subject to withholding include payments:

- To a resident of California or to a corporation with a permanent place of business in California.
- To a corporation qualified to do business in California.
- To a partnership or LLC that has a permanent place of business in California.
- For sale of goods.
- For income from intangible personal property, such as interest and dividends, unless the property has acquired a business situs in California.
- For services performed outside of California.
- To a payee that is a tax-exempt organization under either California or federal law, use Form 590.
- Representing wages paid to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information, go to [edd.ca.gov](http://edd.ca.gov) or call 888.745.3886.
- To a payee that is a government entity.
- To reimburse a payee for expenses relating to services performed in California if the reimbursement is separately accounted for and not



subject to federal Form 1099 reporting. Corporate payees, for purposes of this exception, are treated as individual persons.

## E Waivers

A nonresident payee may request that withholding be waived. To apply for a withholding waiver, use Form 588, Nonresident Withholding Waiver Request. If the FTB has granted a waiver, you must attach a copy of FTB's determination letter to Form 587.

## F Requirement to File a California Tax Return

A payee's exemption certification on Form 587, Form 590, or a determination letter from the FTB waiving withholding does not eliminate the requirement to file a California tax return and pay the tax due. For return filing requirements, see the instructions for Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return; Form 541, California Fiduciary Income Tax Return; Form 100, California Corporation Franchise or Income Tax Return; or Form 100S, California S Corporation Franchise or Income Tax Return.

## Specific Instructions

### Part I – Withholding Agent

The withholding agent must complete Part I before giving Form 587 to the payee.

### Part II – Nonresident Payee

The payee must complete all information in Part II including the SSN, ITIN, CA Corp No., FEIN, or SOS file number, and entity type.

### Part III – Payment Type

The nonresident payee must check the box that identifies the type of payment being received.

No withholding is required when payees are residents or have a permanent place of business in California.

### Part IV – Income Allocation

Use Part IV to identify payments that are subject to withholding. Only payments sourced within California are subject to withholding. Services performed in California are sourced in California. In the case of payments for services performed when part of the services are performed outside California, enter the amount paid

for performing services within California in column (a). Enter the amount paid for performing services while outside California in column (b). Enter the total amount paid for services in column (c).

If the payee's trade, business, or profession carried on in California is an integral part of a unitary business carried on within and outside California, the amounts included on line 1 through line 5 should be computed by applying the payee's California apportionment percentage (determined in accordance with the provisions of the Uniform Division of Income for Tax Purposes Act) to the payment amounts. For more information on apportionment, get California Schedule R, Apportionment and Allocation of Income.

**Withholding agent.** Withholding is optional, at your discretion, on the first \$1,500 in payments made during the calendar year. Withholding must begin as soon as the total payments of California source income for the calendar year exceed \$1,500. If circumstances change during the year (such as the total amount of payments), which would change the amount on line 6, the payee must submit a new Form 587 to the withholding agent reflecting those changes. The withholding agent should evaluate the need for a new Form 587 when a change in facts occurs.

### Part V – Certification of Payee

The payee and/or the authorized representative must complete, sign, date, and return this form to the withholding agent.

Authorized representatives include those persons the payee authorized to act on their behalf through a power of attorney, third party designee, or other individual taxpayers authorized to view their confidential tax data via a waiver or release.

## Additional Information

For additional information or to speak to a representative regarding this form, call the Withholding Services and Compliance automated telephone service at:

888.792.4900, or  
916.845.4900  
FAX 916.845.9512

OR write to:

WITHHOLDING SERVICES AND  
COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

## Where to Get Publication, Forms, and Publications

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

TAX FORMS REQUEST UNIT MS F284  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

## Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)

Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

## Asistencia Por Internet y Teléfono

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)

Teléfono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos

TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla

**By Automated Phone Service:** Use this service to check the status of your refund, order California forms, obtain payment and balance due information, and hear recorded answers to general questions. This service is available 24 hours a day, 7 days a week, in English and Spanish.

Telephone: 800.338.0505 from within the United States  
916.845.6600 from outside the United States

Follow the recorded instructions. Have paper and pencil available to take notes.



**Withholding Exemption Certificate****2012**

(This form can only be used to certify exemption from nonresident withholding under California Revenue and Taxation Code (R&amp;TC) Section 18662. Do not use this form for exemption from wage withholding.)

**590****File this form with your withholding agent.** (Please type or print)

Withholding agent's name

Payee's name

Payee's

☐ SOS file no.☐ SSN or ITIN☐ CA corp. no.☐ FEIN

Address (number and street, PO Box, or PMB no.)

Apt. no./ Ste. no.

City

State

ZIP Code

Read the following carefully and check the box that applies to the payee.

I certify that for the reasons checked below, the payee named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual.

☐ **Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Who is a Resident, for the definition of a resident.

☐ **Corporations:**

The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return and withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information F, What is a Permanent Place of Business, for the definition of permanent place of business.

☐ **Partnerships or limited liability companies (LLC):**

The above-named partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return and will withhold on foreign and domestic nonresident partners or members when required. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

☐ **Tax-Exempt Entities:**

The above-named entity is exempt from tax under California Revenue and Taxation Code (R&amp;TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

☐ **Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans:**

The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

☐ **California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly notify the withholding agent.

☐ **Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.

☐ **Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE:** Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided in this document is, to the best of my knowledge, true and correct. If conditions change, I will promptly notify the withholding agent.

Payee's name and title (type or print) \_\_\_\_\_ Daytime telephone no. \_\_\_\_\_

Payee's signature ► \_\_\_\_\_ Date \_\_\_\_\_

# Instructions for Form 590

## Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

For purposes of California income tax, references to a spouse, husband, or wife also refer to a Registered Domestic Partner (RDP) unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

**Private Mail Box (PMB)** – Include the PMB in the address field. Write “PMB” first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country's name.

### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding. California residents or entities should complete and present Form 590 to the withholding agent. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless told by the FTB that the form should not be relied upon.

The following are excluded from withholding and completing this form:

- The United States and any of its agencies or instrumentalities
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities
- A foreign government or any of its political subdivisions, agencies, or instrumentalities

**Important – This form cannot be used for exemption from wage and real estate withholding.**

- If you are an employee, any wage withholding questions should be directed to the FTB General Information number, 800.852.5711. Employers should call 888.745.3886 or go to **edd.ca.gov**.
- Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

### B Requirement

R&TC Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

Withholding is required on the following, but is not limited to:

- Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident S corporation

shareholders, partners and members and allocations of California source income made to foreign partners and members.

- Payments to nonresidents for rents if the payments are made in the course of the withholding agent's business.
- Payments to nonresidents for royalties with activities in California.
- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year.

For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication see General Information H, Publications, Forms, and Additional Information.

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the Franchise Tax Board (FTB). The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions release of loan funds made in the normal course of business are exempt from backup withholding. For additional information on California backup withholding, go to **ftb.ca.gov** and search for **backup withholding**.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information go to **ftb.ca.gov** and search for **backup withholding**.

### C Who Certifies this Form

Form 590 is certified by the payee. An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the withholding agent may accept as a substitute certificate a letter from the payee explaining

why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee's taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the Franchise Tax Board.

For example, if an entertainer (or the entertainer's business entity) is paid for a performance, the entertainer's information must be provided. **Do not** submit the entertainer's agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes. Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled “Individuals — Certification of Residency.”

### D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose.

An individual is still considered outside California for other than a temporary or transitory purpose if return visits to California do not total more than 45 days during any taxable year covered by an employment contract.

This provision does not apply if an individual has income from stocks, bonds, notes, or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse/RDP absent from California for an uninterrupted period of at least 546 days to accompany a spouse/RDP under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For assistance in determining resident status,

get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1032, Tax Information for Military Personnel, or call the FTB at 800.852.5711 or 916.845.6500.

## E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

**Domicile** is defined as the one place:

- Where you maintain a true, fixed, and permanent home
- To which you intend to return whenever you are absent

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders.

Note: California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRA requirements, get FTB Pub. 1032.

## F What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the SOS. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

## G Withholding Agent

Keep Form 590 for your records. **Do not** send this form to the FTB unless it has been specifically requested.

For more information, contact Withholding Services and Compliance, see General Information H.

The payee must notify the withholding agent if any of the following situations occur:

- The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt status.

The withholding agent must then withhold and report the withholding using Form 592, Resident and Nonresident Withholding Statement, and remit the withholding using Form 592-V, Payment Voucher for Resident and Nonresident Withholding. Form 592-B, Resident and Nonresident Withholding Tax Statement, is retained by the withholding agent

and a copy is given to the payee.

## H Publications, Forms, and Additional Information

You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

To have publications or forms mailed to you or to get additional nonresident withholding information, contact the Withholding Services and Compliance.

WITHHOLDING SERVICES AND  
COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

Telephone: **888.792.4900**  
916.845.4900

Fax: 916.845.9512

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

### Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)  
Telephone: 800.852.5711 from within the  
United States  
916.845.6500 from outside the  
United States  
TTY/TDD: 800.822.6268 for persons with  
hearing or speech impairments

### Asistencia Por Internet y Teléfono

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)  
Teléfono: 800.852.5711 dentro de los  
Estados Unidos  
916.845.6500 fuera de los Estados  
Unidos  
TTY/TDD: 800.822.6268 personas con  
discapacidades auditivas  
y del habla